(R) Subject 69

Dear Senator Dixon:

This is in response to your referral of a letter from Joseph Blommer who inquired about the sale of U.S. butter and skim milk powder to Poland.

The butter and skim milk powder in question came from the Commodity Credit Corporation's (CCC) stock of surplus dairy products. The CCC is part of the Department of Agriculture. The CCC stock was acquired through purchases under the U.S. dairy price support program. The CCC's policy is not to sell dairy products domestically for a price which is less than ten percent above the current price support level. As this resale price is not competitive with current U.S. wholesale prices, the CCC now sells no dairy products domestically.

The sale of butter and milk to Poland was made in part for humanitarian reasons because of serious food shortages in that country. Poland is short of both butter and milk and will use the U.S. products domestically. We do not believe that a significant portion of these products will be used by Polish chocolate manufacturers.

Yours sincerely,

Richard Fairbanks
Assistant Secretary
for Congressional Relations

Enclosures: Correspondence Returned.

The Honorable
Alan J. Dixon,
United States Senator.

DEPARTMENT OF STATE A/CDC/MR
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